Senate Panel Opens Investigation of ITT Operations in Chile

3/17/73

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A special Senate subcommittee opened its investigation yesterday into charges that the International Telephone and Telegraph Co. engaged in covert political operations to block the election of Chilean President Salvador Allende in 1970.

Meeting in closed session, the Foreign Relations Subcommittee on Multinational Corporations heard testimony from ITT board chairman Harold S. Geneen and former Central Intelligence Agency Director John J. McCone, a member of ITT's board.

Subcommittee Chairman Frank Church (D-Idaho) said both witnesses were "quite forthcoming . . . The questions we asked were all answered."

The inquiry is expected to delve deeply into contacts between ITT executives and the CIA's chief officer for covert intelligence operations in Lation America, William V. Boe, before and immediately after Allende's election. Broe, who is still a CIA employee, is understood to have been interviewed by the subcommittee but it is not clear whether he will testify.

ITT corporate memoranda made public last year by columnist Jack Anderson record a series of meetings between the CIA official and top executives of the communications conglomerate, among them Geneen. On one occasion, according to the memoranda, Broe asked for ITT's help in getting American businesses in Chile to promote an economic collapse in the country.

Church said yesterday that "we have secured the CIA's cooperation in the investigation." The testimony of agency representatives, he added, would be in closed session.

Despite Church's declaration, it was understood from official sources outside the Foreign Relations subcommittee that the terms of CIA cooperation with the investigation are still being negotiated. Normally the CIA's dealings on Capitol Hill are confined to the Armed Services and Appriations Committees.

"When a situation of this sort arises, it is a matter for negotiating the terms of reference in order to protect our main concern—intellignce sources and methods," said one government official.

ITT, the nation's seventh largest industrial corporation, owned a 70 per cent interest in the Chilean Telephone Co. (Chiltelco) when it was expropriated by the Allende government in March, 1971. Chile broke off negotiations for compensating ITT after the Anderson documents were made public last year.

The iorporation has filed a $92.6 million claim with the Overseas Private Investment Corporation (OPIC), a federal agency that insures U.S. businesses against losses from confiscation by foreign governments.

Church said yesterday that the outcome of his investigation would have "a direct bearing" on OPIC's settlement with ITT. The contractual deadline for settlement of the ITT claim is next month, although it can be extended by consent of the two parties.

ITT would not be entitled to reimbursement if OPIC found that its actions in the host country were sufficiently provocative to justify the expropriation.

Memoranda in the Anderson file suggest that ITT executives sought to encourage opposition within Chile to Allende as well as to influence U.S. policy to oppose his Marxist government. But there is no evidence in the record that the conglomerate agreed to carry out Broe's alleged plan to sabotage the Chilean economy.

To justify its case for reimbursement, ITT may have to rely heavily on testimony from top CIA officials that its actions in Chile were within the bounds of propriety. The agency, for its part, will have to demonstrate that Broe's documented approaches to ITT did not have the approval of those who run CIA.